

STATEMENT OF
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NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
WITH RESPECT TO
THE DEPARTMENT OF VETERANS AFFAIRS CONSTRUCTION BUDGET
REQUEST FOR FISCAL YEAR 2004

WASHINGTON, DC

FEBRUARY 11, 2003

DEAR MR. CHAIRMAN AND MEMBERS OF THIS COMMITTEE:

On behalf of the 2.6 million men and women of the Veterans of Foreign Wars of the United States (VFW) and our Ladies Auxiliary, I wish to convey our appreciation for inclusion in today's important hearing.

As an organization, and as a proud coauthor of the Independent Budget (IB), we are strong advocates for an adequate budget for the Department of Veterans Affairs (VA). While the primary focus of that attention is on the actual delivery of health care and benefits for our nation's veterans, we cannot afford to forget the importance that construction and maintenance play in the process. If VA does not invest proper amounts

of money in its infrastructure, it will have immense repercussions in the coming years when patient comfort, safety and VA's ability to modernize equipment and facilities are compromised. Supporting additional funding now will lessen future burdens on patients and staffs, improve patient and worker safety, make health care delivery simpler, and even reduce costs in the end.

Despite the importance of those factors, we are once again left with a budget that falls short of these important goals. Using the old budgetary methodology, the request calls for \$272.7 million and \$252.1 million for major and minor construction projects respectively. This is far short of the \$436 million and \$425 million the IB recommends for those same major and minor construction projects. Further, VA's request for major and minor construction includes funding for the Capital Assets Realignment for Enhanced Services (CARES) process, something we believe should be kept separate. Besides the \$183 million earmarked for the CARES, VA requested a paltry \$89.3 million for major construction projects. Our request of \$436 million does not include these CARES projects. When we consider the CARES numbers separately, the construction accounts are even more strikingly deficient.

The Veterans Health Administration (VHA) is charged with maintaining over 2,026 buildings, which includes 162 hospitals, 675 outpatient clinics and 137 Nursing Homes, with almost half of them over fifty years old. It is essential that VA repair and enhance this vital, but aging, infrastructure to delay the erosion of the initial capital investment. As in past years, we cite an independent study of VA's facilities conducted by Price

Waterhouse. Their study indicated that VA should allocate between two and four percent of their asset value into maintenance and an additional two to four percent for improvements. Again, the budget is not sufficient to meet these needs. VA should spend over \$700 million annually on upkeep alone.

This insufficient request when combined with years of under funding will create an even lengthier backlog of nonrecurring maintenance issues that must be addressed before VA's aged properties deteriorate further. This backlog includes the 890 buildings deemed at "significant risk" and the 73 buildings considered an "exceptionally high risk" of catastrophic collapse or major damage because of seismic deficiencies. The IB believes that VA needs \$285 million to begin the correction of these seismic deficiencies while the FY '04 budget provides less than 10% of that amount, \$20 million. We also believe that VA should have an additional \$400 million for the reduction in backlog of nonrecurring maintenance issues. VA must focus on these problems before patient safety and access become a larger crisis.

We recognize the difficulty of VA's position with regard to the construction budget. VA must often carry out these backlogged maintenances and improvements within the context of the larger CARES process. Despite this, just as we strongly urge VA not to divest itself of properties until the process is complete, we also point out that it is essential that construction and repair continue on existing facilities. The pending status of CARES has led to the deferral of many basic projects vital to the sustenance of VA's physical plant. VA has identified a number of high risk buildings in desperate need of

repair, and the CARES process should not distract VA's obligation to protect its assets, whether they are to be used for current capacity or to be realigned.

With respect to the CARES process, as a whole, we generally remain supportive. We acknowledge that there are some VA facilities that are unusable or unnecessary due to the aging infrastructure as well as the transformation of VA health care into a more outpatient-focused system. If the process truly does enhance services, then we are fully behind it. Unfortunately, the results from Phase I, the pilot project in Veterans Integrated Service Network (VISN) 12, are so far inconclusive.

We remain concerned that the actuarial service VA used for projections during planning may not have the proper data. VA has many specialized programs for illnesses and diseases unique or particularly problematic for an aging veterans' population. The specialized care provided for chronic mental illness, spinal cord injuries, post-traumatic stress disorder, and other similar illnesses would not be accurately reflected in statistical data based on outside medical facilities. VA must ensure that the statistical model used reflects the particulars of VA's many specialized treatments to ensure that CARES really does serve the veterans population both now and in the future.

Another concern, that was particularly problematic in Phase I, is the lack of clear communication. As Phase II begins, and rapidly expands the process throughout the country, we must ensure that veterans—VA's patients and customers—have a voice in

the process. We simply must know what is going on, and what the planning process is so we can make informed decisions and suggestions.

Perhaps our greatest misgiving is with the way that VA has delayed major construction projects because of the CARES process. As expressed previously, VA absolutely must continue maintenance and upgrades to existing facilities for the health of the infrastructure. If it is clear that CARES will not affect a particular hospital or facility, it is essential that VA begins, and Congress appropriates the money for, the major construction projects many of these facilities desperately need. We are optimistic that the \$225 million contained in the request for CARES is a sign that VA recognizes the complications that delaying important construction would create. However, the IB has recommended \$1 billion as a down payment toward immediate construction needs under the CARES process. Further, we urge VA and Congress to work together in future years to ensure a proper and steady stream of funding to begin construction on projects as they are identified by the CARES process to avoid losing as much time as possible.

On a final note, we would also request a fundamental change to the way major and minor construction projects are designated, which would greatly enhance VA's ability to solve problems and deficiencies. We urge the Congress to enact legislation that would raise the limit on minor construction projects from \$4 million to \$10 million. This cap inhibits many VA facilities from properly carrying out construction projects by forcing them to reduce the scope of the project or to group several small projects in an uneconomical, piecemeal approach. Raising this cap would allow VA to conduct more essential projects

in an efficient and safe manner that would greatly lessen the burden and inconvenience on patients and staff. We thank this Committee and the House of Representatives for your efforts to approve H.R. 4514, legislation that would have increased this threshold to \$6 million, during the 107th Congress, and we urge the reintroduction of similar legislation this session. It indicates to us, that you recognize the many problems and inefficiencies this low threshold creates.

VA simply must do a better job protecting and investing in its capital infrastructure. If basic care is not provided, the physical health of the system will continue to deteriorate. Addressing these issues in a timely manner and with proper planning will be of great benefit. If these issues are not addressed, it will only serve to increase the burden on patients and staff and be a detriment to patient safety and VA's ability to deliver health care long into the future. We strongly urge that Congress take steps to correct this inadequate construction request and to support the funding levels and suggestions we have brought before you today.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions that you or the Committee may have.